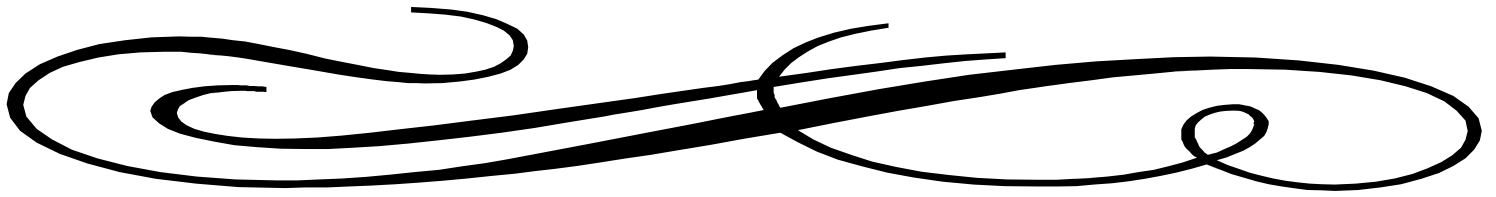


HISTORICAL BACKGROUND OF CINCO RANCH

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I. INTRODUCTION

Cinco Ranch, currently owned by Newland Communities, was the site of an expansive working ranch from 1947-1983. Ownership of the land, which the current Cinco Ranch occupies, has changed hands numerous times. This research has been conducted to trace the historical significance of Cinco Ranch and its previous owners.

This summary first discusses the many methods settlers of Texas could use to acquire land. This background is necessary to understand how and in what forms that ownership of the land changed hands. Secondly, the summary discusses the different owners of the land from the original owner to the most current owner. The discussion then turns to the historical significance of the individual owners of the land, with an in depth discussion of Bassett Blakely, the most historical personage. Next, the history of the Texas Western Railway, which passed through the Cinco Ranch property, is discussed.

II. TEXAS' SYSTEM OF LAND DISTRIBUTION

A. Headrights

In the past, Texas had several methods of distributing its public lands. One method of distributing land to Texans was entitlements, given in the form of headrights. This type of land grant was awarded to settlers in varying amounts of acreage according to the time of immigration and marital status.

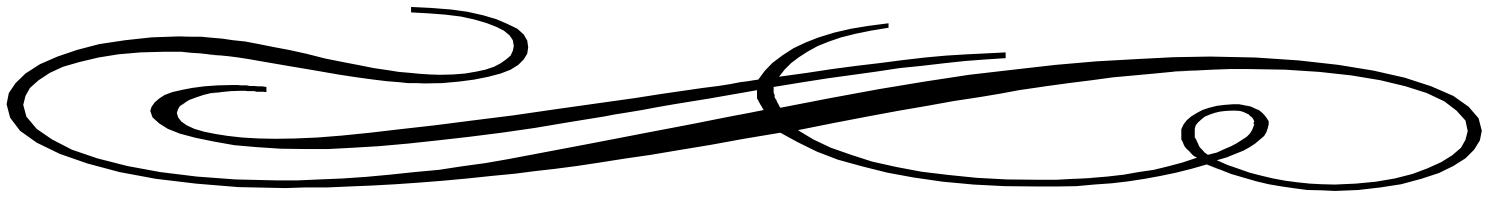
1. First class headrights were given to the earliest settlers of Texas. These land grants were given to colonists living in Texas prior to the Texas Revolution. Heads of families were entitled to a league and a labor of land, a total of 4,605 acres. Single men were entitled to a labor of land, 1,280 acres.
2. Second class headrights were given to settlers who came to Texas after the Texas Revolution and prior to October 1, 1837. Heads of families received 1,280 acres of land and single men received 640 acres.
3. Third class headrights were given to settlers who immigrated after October 1, 1837 but before January 1, 1842. Heads of families received 640 acres of land and single men received 320 acres.

B. Other Methods

Three other methods of obtaining land were also available. A person serving in the army of the Republic of Texas was eligible for 160 acres of land. Land could be earned by the performance of certain acts of public service, such as building a railroad or, land could be purchased directly from the state.

III. CINCO RANCH OWNERSHIP

Cinco Ranch lies in portions of several original land grants. These land grants include the Thomas Hobermaker, E.M. McGinnis, Morris and Cummings, and the Henry Looney surveys.



A. The Thomas Hobermaker Survey

The Thomas Hobermaker Survey was granted as a first class headright in the 1830's. Thomas Hobermaker traveled to Texas and settled there prior to the Texas Revolution. Hobermaker sold half of his land to George Cartwright, who was part of Stephen F. Austin's "Old Three Hundred," the first colonists of Texas. The Stephen Hobermaker survey was also taken from this portion of land.

B. The Henry Looney Survey

The Henry Looney survey is said to have been the site of the clubhouse and quarters of the working Cinco Ranch. The Henry Looney survey was a third class headright of 320 acres patented on April 4, 1839.

C. The E.M. McGinnis Survey

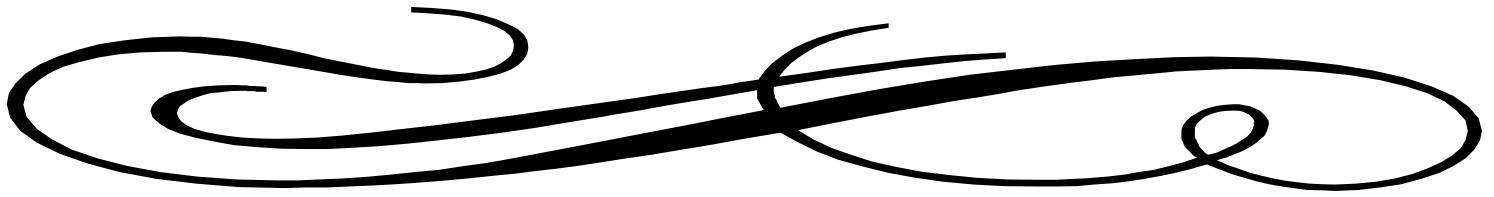
The E.M. McGinnis survey was originally the property of a man by the name of Mr. Symes. Mr. Symes purchased the land from the State of Texas around 1876. In 1897, E.M. McGinnis acquired the property.

D. Bassett Blakely

Bassett Blakely was a prominent Texas rancher and businessman. He was known to have purchased several thousand acres of land in West Houston during the early 1900's. Bassett Blakely purchased the Henry Looney survey in the early 1900's and it became part of his own ranch. The Hobermaker survey was purchased by Blakely in 1918.

E. The Cinco Families

In the mid 1930's, five prominent Houston businessmen joined together to form the Cinco Ranch Company. William "Fishback" Wheless bought 4,000 acres of Bassett Blakely's ranch in 1937. At the time, Blakely was one of the largest cattle ranchers in Texas. Wheless then encouraged four close friends: J.S. Abercrombie, W.B. Pyron, H.G. Nelms and L.M. Jose, to become partners in the working ranch. William Wheless and Walter B. Pyron both worked for the Gulf Oil Company, where Mr. Pyron was Vice President. J.S. Abercrombie was President of J.S. Abercrombie Company and Cameron Iron Works. L.M. Jose was President of Circle W Oil Corporation, Pine Lodge Oil Company and Vice President of Windsor Oil. The five notable oil families created Cinco Ranch ("cinco" is the Spanish word for five.)



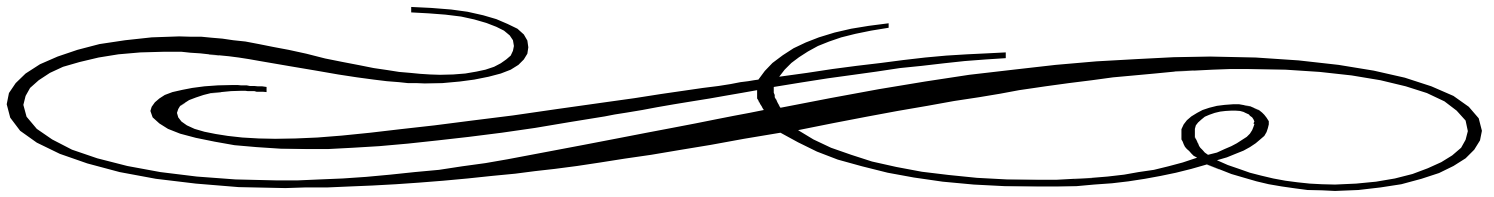
In addition to being a working ranch, all of the families used the property as a holiday and weekend retreat. They built and shared a huge clubhouse that had an expansive living room with a fireplace that separated two wings of bedrooms. With Buffalo Bayou meandering through the center of the property, the ranch was the ideal spot for the five families to enjoy duck, deer, quail, dove and goose hunting.

Through the years the families added different parcels of land (the E.M. McGinnis survey) or sold off parts of the property. At one time the ranch ranged over 10,000 acres. William Wheless and J.S. Abercrombie were two members of the original Cinco Ranch Company. These two men bought out the other three members to gain possession of all the land which comprised the working Cinco Ranch. From the mid-1940's to the early 80's, the original Cinco Ranch was managed professionally for horse, cattle and rice production. In addition, there have been a few oil and gas wells attempted, but no significant production of either oil or gas has been realized.

In 1949, the Army Corps of Engineers acquired 2,500 acres to build the Barker Reservoir, creating a major flood control area for the City of Houston. Today, the City of Houston has a master plan in place for the creation of parklands within the reservoir. Once completed, the park acreage, a major portion of the original Cinco Ranch, will make Houston the number one ranking city in the nation for community parks, on a per capita basis.

F. American General Acquisition

With the passage of time, the title to the original ranch passed to Cinco Ltd., an entity in which Robert Mosbacher and Josephine Abercrombie were significantly involved. Robert Mosbacher acquired his holdings from William Wheless in 1970. Josephine Abercrombie received her holdings from her father, J.S. Abercrombie. Cinco Ranch Venture (CRV) formed by American General, Homecraft Homes, and an entity of the Mischer Corporation, purchased the 5,416 acre Cinco Ranch in 1984 from Robert Mosbacher and other partners in Mosbacher Ltd., Josephine Abercrombie Robinson and George Abercrombie Robinson Trusts. The purchase was the largest raw land transaction in the history of Houston. The transaction closed in June of 1984. In September of 1984, a project manager was hired and the land has been in some state of development since that time. In 1989 The Newland Group, Inc. partnered with American General, a Fortune 500 Company, bought out its other partners and was the sole owner of the 5,000+ acre Cinco Ranch project. It was the only master-planned community in West Houston.



G. Terrabrook Acquisition

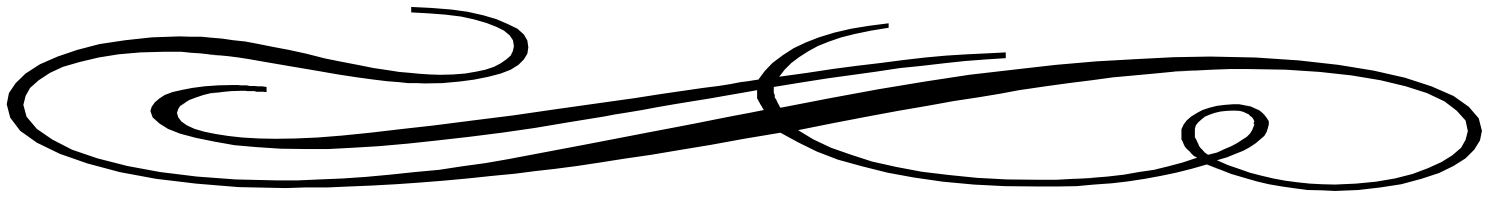
Terrabrook established its portfolio when Westbrook Partners LLC purchased the assets and operations of Mobil Land Development Corporation in 1993. They then purchased American General Land Development Corporation in 1994. The portfolio included several properties originally started by American General and The Newland Group which included Greatwood and Cinco Ranch in Houston. With 52 communities, Terrabrook became the largest master-planned community developer in the Nation. Cinco Ranch became one of the new Terrabrook communities.

H. **Similar to Terrabrook, Newland Communities is a national master planned community developer with a focus on community creation and industry leadership.** Newland has been in the community development business since 1968, it's predecessor company was Genstar Land – U.S.A. From 1987-1994 Newland developed in partnership with American General several of the communities we own today. In 1989 Newland was involved with Cinco Ranch as contract managers. Since 1994, Newland has been an advisor to the California Public Employees Retirement System (CalPERS). In 1999 Newland was re-capitalized through an investment by Hunt Realty Corp., and this new entity formed a venture with CalPERS to invest in master-planned communities on a national basis. The name became Newland Communities. In October, 2003, Newland Communities acquired 21 properties from Terrabrook. Newland Communities now owns 41 communities in 12 states. It has the largest master-planned community portfolio in the United States. Cinco Ranch is proudly one of those communities.

IV. PERSONAL HISTORIES IN RELATION TO BASSETT BLAKELY

A. Randolph Foster

Randolf Foster, Bassett Blakely's grandfather, is one of Texas' great historical figures. Foster, a native of Mississippi, immigrated to Texas with his father, John, and brother Isaac. The Fosters came to Texas as part of the first installment of Stephen F. Austin's colony. This original group of colonists became known as Austin's "Old Three Hundred." Austin's colony settled on a bend of the Brazos River in 1822, now known as Richmond. Foster often took hunting trips with Stephen F. Austin, and was also a close, personal friend of Davey Crockett and Deaf Smith. Randolph Foster married Lucy Ruffin Hunter and had several children. Among these was their daughter, Mary Louise, who married Thomas Blakely and was later Bassett Blakely's mother.



B. Thomas Blakely

Thomas Blakely, although not as well known as Randolph Foster, contributed greatly to Stephen F. Austin's colony and to the city of Richmond. The Blakely family—father, two sons and a daughter—originally traveled to Brazoria county from Alabama. However, not long after traveling to Texas, Mr. Blakely died, orphaning Thomas and his brother and sister. Later, the siblings moved to Richmond where the two boys lived with their sister Mrs. M.I. Colvin. In 1857, Thomas Blakely married Mary Louise Foster. Thomas Blakely became a prominent and prosperous planter and an active member of the community. He served as sheriff and tax collector from 1882 to 1886 and was also a member of the commissioner's court. Thomas and Mary Louise had eight children including Bassett.

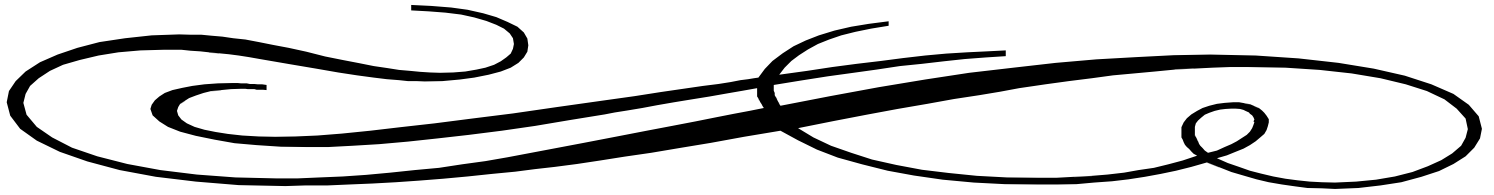
C. Bassett Blakely

Bassett Blakely was born in 1874, the son of Thomas and Mary Louise Blakely. Bassett Blakely is the grandson of Texas pioneer Randolph Foster. In 1884, Bassett Blakely married Bonnie Dunlavey, daughter of M.B. Dunlavey and great granddaughter of Alexander Hodge.

In 1907, Bassett Blakely came to Houston. At this time, he was well established in the cattle business. He shipped cattle to northern markets such as Chicago and St. Louis. Blakely was known to be a strong advocate of Brahma cattle. He was also involved in many other enterprises, including cotton, the Kirby Petroleum Company, and the Duval Ranch Company.

D. Dunlavey and Hodge

Bonnie Dunlavey, Bassett Blakely's wife, was the daughter of M.B. Dunlavey and the great granddaughter of Alexander Hodge. Alexander Hodge, a native Pennsylvanian who served in the American Revolution, traveled to Texas as part of Austin's "Old Three Hundred." Hodge arrived with the colony's second installment and his league of land was on Austin's reservation. Hodge's granddaughter, Finnetta, married Henry Dunlavey and was the mother of M.B. Dunlavey. Henry Dunlavey immigrated to Richmond, Texas from New York. Both the Dunlavey and Hodge families were prominent pioneer families.



V. CINCO AND THE TEXAS WESTERN RAILWAY

The Texas Western Railway was a narrow gauge railroad that was chartered on January 18, 1875. It was the first narrow gauge railroad constructed in Texas. The railway was chartered because the narrow gauge track was predicted to become more popular than the standard wide gauge. The railway opened in April 1878 and was terminated in 1890. The original passenger depot was located in Houston, at Main and Eagle streets. The railway had seven stations and ran from Houston to Sealy, a total of 57 miles.

In 1880, due to lack of demand, the railroad was forced into receivership and reorganized as the Texas Western Railway Company. The railway was bought by Col. Elijah Smith and was abandoned in 1899.

The railway ran through what is now the western portion of Cinco Ranch. The land was part of the original land grant to the International and Great Northern Railroad Company.

